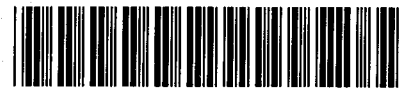




# ORIGINAL

A subsidiary of Pinnacle West Capital Corporation



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Barbara Klemstine  
Director  
Regulation & Pricing

Tel. 602-250-4563  
Fax 602-250-3399  
e-mail Barbara.Klemstine@aps.com

Mail Station 9708  
PO Box 53999  
Phoenix, Arizona 85072-3999

June 11, 2008

Arizona Corporation Commission  
**DOCKETED**

JUN 11 2008

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

DOCKETED BY	ne
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RE: Arizona Public Service Company General Rate Case  
Docket Nos. E-01345A-05-0816, E-01345A-05-0826, E-01345A-05-0827

Dear Sir or Madam:

Pursuant to Decision No. 69663 and the Power Supply Adjustor Plan of Administration, the Step 2 Palo Verde PSA Surcharge of \$0.001176/kWh will expire at the end of the June 2008 billing cycle. Attached is a redline and non-redline PSA-1 rate schedule to reflect the removal of the expired Surcharge.

The Company anticipates the Surcharge will not fully collect the approximate \$34M granted in Decision No. 69663 by the last June billing cycle. The under collection will be reflected in the monthly PSA reports filed with the Commission. Any uncollected funds will be included in the PSA historical component on February 1, 2009, which is the next scheduled reset of the PSA's forward and historical components.

If you should have any questions regarding the information contained herein, please call Mr. Zachary Fryer at 602-250-2767.

Sincerely,

*Barbara Klemstine / sc*

Barbara Klemstine

Attachment

BK/kh

Cc: Ernest Johnson  
Brian Bozzo  
Barbara Keene  
Terri Ford  
Stephen Ahearn  
Parties of Record

RECEIVED  
2008 JUN 11 P 4: 38  
AZ CORP COMMISSION  
DOCKET CONTROL

Copies of the foregoing emailed or mailed  
This 11<sup>th</sup> day of June 2008 to:

Michael M. Grant  
GALLAGHER & KENNEDY, P.A.  
2575 East Camelback Road  
Phoenix, AZ 85016-9225

Jim Nelson  
12621 North 17<sup>th</sup> Place  
Phoenix, AZ 85022

Greg Patterson  
Arizona Competitive Power Alliance  
916 West Adams Street, Suite 3  
Phoenix, AZ 85007

C. Webb Crockett  
Patrick J. Black  
FENNEMORE GRAIG, P.C.  
3003 North Central Avenue, Suite 2600  
Phoenix, AZ 85012-2913

Michael W. Pattern  
ROSHKA DEWULF & PATTERN, PLC  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, AZ 85004

Michael L. Kurtz  
BOEHM, KURTZ & LOWRY  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202

Scott S. Wakefield  
RUCO  
1110 West Washington Street, Suite 220  
Phoenix, AZ 85007

Lawrence V. Robertson, Jr.  
MUNGER CHADWICK  
Post Office Box 1448  
Tubac, AZ 85646

Michelle Livengood  
UniSource Energy Services  
One South Church Street, Suite 200  
Tucson, AZ 85702

Steven B. Bennett  
Deputy City Attorney  
City of Scottsdale Attorney's Office  
3939 North Drinkwater Boulevard  
Scottsdale, AZ 85251

George Bien-Willner  
3641 North 39<sup>th</sup> Avenue  
Phoenix, AZ 85014

Amanda Ormond  
The Ormand Group LLC  
Southwest Representative  
Interwest Energy Alliance  
7650 South McClintock, Suite 103-282  
Tempe, AZ 85284

Joseph Knauer, President  
Jewish Community of Sedona  
and the Verde Valley  
100 Meadowlark Drive  
Post Office Box 10242  
Sedona, AZ 86339-8242

David C. Kennedy, Esq.  
818 East Osborn Road, Suite 103  
Phoenix, AZ 85014

Kenneth R. Saline, P.E.  
K.R. SALINE & ASSOC., PLC  
160 North Pasadena, Suite 101  
Mesa, AZ 85201

Tracy Spoon  
Sun City Taxpayers Association  
12630 North 103<sup>rd</sup> Avenue, Suite 144  
Sun City, AZ 85351

Bill Murphy  
Murphy Consulting  
5401 North 25<sup>th</sup> Street  
Phoenix, AZ 85016

Gary L. Nakarado  
ARIZONA SOLAR ENERGY  
INDUSTRIES ASSOCIATION  
24657 Foothills Drive North  
Golden, CO 80401

Andrew W. Bettwy  
Karen S. Haller  
Assistants General Counsel  
Legal Affairs Department  
SOUTHWEST GAS CORPORATION  
5241 Spring Mountain Road  
Las Vegas, NV 89150

Dan Austin  
Comverge, Inc.  
6509 West Frye Road, Suite 4  
Chandler, AZ 85226

Timothy M. Hogan  
Arizona Center for Law in the  
Public Interest  
202 East McDowell Road, Suite 153  
Phoenix, AZ 85004

Jay I. Moyes  
MOYES STOREY Ltd.  
1850 North Central Avenue, Suite 110  
Phoenix, AZ 85004

Robert W. Geake  
Vice President and General Counsel  
Arizona Water Company  
Post Office Box 29006  
Phoenix, AZ 85038-9006

Tammie Woody  
10825 West Laurie Lane  
Peoria, AZ 85345

Douglas V. Fant  
Law Offices of Douglas V. Fant  
3655 West Anthem Drive, Suite A-109  
Anthem, AZ 85086

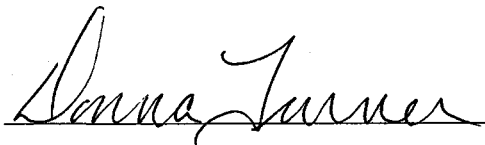
Gary Yaquinto, President  
Arizona Investment Council  
3008 North Civic Center Plaza  
Scottsdale, AZ 85251

Sein Seitz, President  
Arizona Solar Energy Industries Association  
3008 North Civic Center Plaza  
Scottsdale, AZ 85251

Jon Poston  
AARP Electric Rate Project  
6733 East Dale Lane  
Cave Creek, AZ 85331

Coralette Hannon  
AARP Government Relations & Advocacy  
6705 Reedy Creek Rd.  
Charlotte, NC 28215

Lieutenant Colonel Karen S. White  
Chief, Air Force Utility Litigation Team  
AFLSA/JACL-ULT  
139 Barnes Drive  
Tyndall AFB, FL 32403



# **Red-Line Version**



**ADJUSTMENT SCHEDULE PSA-1**  
**POWER SUPPLY ADJUSTMENT**

APPLICATION

The Power Supply Adjustment ("PSA") shall apply to all retail electric rate schedules in accordance with their terms with the exception of Solar-2, SP-1, E-3, E-4, E-36 and Direct Access service. All provisions of the customer's current applicable rate schedule will apply in addition to this charge.

RATES

The charges shall be calculated at the following rates:

PSA Adjustor Rate <sup>1/</sup>

All kWh	\$0.003987	per kWh
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PSA Historical Component

All kWh	\$0.001048	per kWh
---------	------------	---------

PSA Forward Component

All kWh	\$0.002952	per kWh
---------	------------	---------

PSA Transition Component

All kWh	\$0.000000	per kWh
---------	------------	---------

PSA Surcharge <sup>2/</sup>

All kWh	\$0.001176	per kWh
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<sup>1/</sup> Costs that were incurred in 2006 and 2007 from the prior PSA

<sup>2/</sup> Surcharge per Decision No. 69663

**Non-  
Red-Line  
Version**



**ADJUSTMENT SCHEDULE PSA-1  
POWER SUPPLY ADJUSTMENT**

APPLICATION

The Power Supply Adjustment ("PSA") shall apply to all retail electric rate schedules in accordance with their terms with the exception of Solar-2, SP-1, E-3, E-4, E-36 and Direct Access service. All provisions of the customer's current applicable rate schedule will apply in addition to this charge.

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PSA Transition Component

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<sup>1/</sup> Costs that were incurred in 2006 and 2007 from the prior PSA